

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1312-02  
Bill No.: HCS for HB 513  
Subject: Business and Commerce; Fees; Secretary of State  
Type: Original  
Date: February 27, 2015

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Bill Summary: This proposal modifies provisions relating to business filing fees.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
General Revenue	(\$5,940,000)	(\$5,920,000)	(\$5,920,000)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$5,940,000)</b>	<b>(\$5,920,000)</b>	<b>(\$5,920,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
Secretary of State Technology Trust	\$0	\$0	\$1,201,621
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,201,621</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Office of the Secretary of State (SOS)** analyzed each section of this proposal to determine which business filings were affected and by how much each fee was reduced. SOS then multiplied the total number of these affected filings that SOS received in FY 2014 by the new fee amount, which equaled nearly \$5.6 million. SOS tracks nearly all of their filings, but there are several filings (roughly 15% of our total) that are not tracked. These untracked filings were estimated to total \$325,000 and added to the total, which came to \$5.92 million annually. SOS anticipates this to remain fairly consistent each year.

SOS would also have to contract with a vendor to change the amount customers are charged for filing fees. SOS anticipates a one time cost of \$20,000 to change the current software operated by the Business Services Division.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

**Oversight** notes that current statute sections 347.740, 351.127, 356.233, 359.653 and 417.018 each allow for the collection of a \$5 fee into the Technology Trust Fund until December 31, 2017. This proposal extends the sunset date to December 31, 2021. Over the past 3 fiscal years, the Secretary of State Technology Fund has received an average of \$2,403,241 each year (FY 2012 - \$2,395,113; FY 2013 - \$2,403,059; FY 2014 - \$2,411,552; for an annual average of \$2,403,241. For fiscal note purposes, Oversight assumes the extension of the sunset date will cause the Secretary of State Technology Fund to receive an additional \$1,201,621 in FY 2018 ( $\$2,403,241 / 2 = \$1,201,621$ ) had the December 2017 expiration been allowed to occur.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
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**GENERAL REVENUE**

<u>Costs</u> - Secretary of State - revenue loss due to lower business filing fees	(\$5,920,000)	(\$5,920,000)	(\$5,920,000)
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<u>Costs</u> - Secretary of State - software programming changes	<u>(\$20,000)</u>	<u>\$0</u>	<u>\$0</u>
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<b>ESTIMATED NET EFFECT OF GENERAL REVENUE</b>	<b><u>(\$5,940,000)</u></b>	<b><u>(\$5,920,000)</u></b>	<b><u>(\$5,920,000)</u></b>
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**SECRETARY OF STATE  
TECHNOLOGY TRUST FUND**

<u>Income</u> - Secretary of State - extension of the sunset date; filing fees - from 2017 to 2021	<u>\$0</u>	<u>\$0</u>	<u>\$1,201,621</u>
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<b>ESTIMATED NET EFFECT TO THE SECRETARY OF STATE TECHNOLOGY TRUST FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$1,201,621</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

Small businesses will realize a savings because of lower business filing fees.

### FISCAL DESCRIPTION

This bill changes the laws regarding specified filing fees collected by the Secretary of State. In its main provisions, the bill:

- (1) Repeals the provision requiring the filing fee for filing articles of incorporation to be the same as the fee for filing an amendment to articles of incorporation;
- (2) Repeals the provisions requiring the Secretary of State to collect a \$5 filing fee upon the filing of articles of correction;
- (3) Repeals the provision requiring the fee for filing an amended certificate of registration to be \$20;
- (4) Repeals the provisions requiring the Secretary of State to charge and collect specified fees for certain corporation filings;
- (5) Allows the Secretary of State to collect a \$5 fee in lieu of each fee that is being removed and to collect a \$5 fee on each and every fee required under Chapter 347, RSMo, as of August 28, 2015. These provisions will expire on December 31, 2021;
- (6) Specifies that all fees required under Chapter 347 as of August 1, 2015, must be published on the website of the Secretary of State;
- (7) Repeals the provision requiring a corporation to include an additional \$20 fee when it changes the filing month of its corporate registration report;
- (8) Repeals the provision requiring a corporation choosing to biennially file a corporate registration report to pay a \$80 fee if the report is filed in a written format and \$30 if the report is filed via a prescribed electronic format and requires the Secretary of State to collect a \$10 fee for each biennial corporate registration report filed;
- (9) Repeals the provisions requiring a corporation to pay a \$40 fee for its corporate registration if it is filed in a written format and \$15 if it is filed via a prescribed electronic format;
- (10) Repeals the provision establishing a \$20 filing fee for a request for termination by a dissolved corporation;
- (11) Repeals the provision requiring a foreign corporation to pay a \$150 fee for the issuance of a certificate of authority to do business in the state;

FISCAL DESCRIPTION (continued)

(12) Repeals the provision requiring the Secretary of State to charge a \$5 fee for furnishing a person or governmental agency an abstract of a corporate or registration record of any business entity registered in the Office of the Secretary of State;

(13) Reduces, from \$50 to \$20, the maximum fee that the Secretary of State may charge for a preclearance examination and report on any document proposed to be filed with him or her;

(14) Repeals the provision requiring a \$100 fee for a cooperative filing articles of organization;

(15) Specifies that if any statement in an application for a certificate of authority by a foreign cooperative was false when made or any arrangements or other facts have changed, making the application inaccurate in any respect, the foreign cooperative must promptly file with the Secretary of State a certificate to that effect authenticated by the proper officer of the state or country under the laws of which the foreign cooperative is organized;

(16) Requires the Secretary of State to collect a \$20 fee for an application for reinstatement following administrative dissolution;

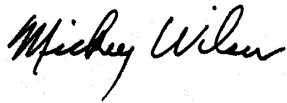
(17) Repeals the provision specifying that the filing fee for a voluntarily dissolved corporation filing articles of termination is \$5; and

(18) Repeals a provision regarding the waiver of fees to register as a limited liability partnership if a general partner of the partnership is a member of the Missouri National Guard or any other active duty military, resides in the state of Missouri, and provides proof of the service to the Secretary of State.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large, stylized "M" and "W".

Mickey Wilson, CPA  
Director  
February 27, 2015

Ross Strobe  
Assistant Director  
February 27, 2015